

# EXHIBIT B

June 13, 2017

**VIA E-MAIL**

Gary A. Orseck  
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Suite 411L  
Washington, D.C. 20006

Mark C. Ellenberg  
Cadwalader, Wickersham & Taft  
LLP700 Sixth Street, N.W.  
Washington, DC 20001

**Re: Creditors' Diligence Information Access**

Dear Messrs. Orseck and Ellenberg:

We write on behalf of Puerto Rico Fiscal Agency and Financial Advisory Authority ("AAFAF") and the Financial Oversight and Management Board for Puerto Rico (the "FOMB") in response to your June 2, 2017 letter on behalf of the Ad Hoc Group of Puerto Rico General Obligation Bondholders (the "GO Group") and Assured Guaranty Corp. and Assured Guaranty Municipal Corp. ("Assured"). As an initial matter, we reject the assertion in your letter that creditors have not been provided with substantial and meaningful information about the finances of the Commonwealth of Puerto Rico ("Puerto Rico"). As explained below, this is untrue and remains untrue, no matter how often it is falsely repeated by your client group.

AAFAF and the FOMB have each made publicly available extensive and robust data (a list of all publicly available websites and descriptions is attached as **Exhibit A**). In that regard, Puerto Rico has extensively disclosed its finances and contracts, and the FOMB has made available information concerning proceedings, as well as contracts and official correspondence with the government of Puerto Rico inclusive of correspondence addressing specific Fiscal Plan components. In addition to this public material, AAFAF has provided voluminous data to your firms, and your clients and their financial advisors. AAFAF has met with creditors numerous times on April 6, 2017 and April 11, 2017, made senior government officials and advisors available to your clients on April 6, 2017 and April 11, 2017, made information available at mediation meetings on April 13, 2017, April 17, 2017, April 20, 2017, and April 25, 2017, and provided answers to multitudes of your clients' questions. As we think you well know, the problem here is not any lack of disclosure, but rather what the disclosure shows. Your clients advised us they were refusing to negotiate because they do not like or accept what the

disclosure shows. In turn, they demanded disclosures going to the FOMB's certification of the Fiscal Plan. But, in PROMESA § 106(e), Congress expressly barred challenges to all certification determinations.

AAFAF strongly objects to the baseless contention that “almost none” of the information you have requested has been provided and that the Intralinks Data Room (the “Data Room”) provided to you is unhelpful. Those complaints are based on a fundamental distortion of the Data Room's contents. The Data Room has abundant relevant data that includes Puerto Rico's entire Fiscal Plan Model in a highly-detailed live Excel file that includes formulas, links, and interrelated tabs summarizing the projected financial and operating performance of the Government of Puerto Rico from FY 2017 through FY 2026. The information in the Data Room is readily useful and should be understandable to any experienced financial professional willing to examine such data in good faith. Nevertheless, AAFAF is providing a narrative drafted by its financial advisor, Rothschild & Co, that explains in detail the Fiscal Plan's contents and how its formulas, links, and tabs can be helpful (attached as **Exhibit B**).

Puerto Rico has also produced or otherwise made available a substantial volume of additional documents pertaining to its financial condition to further explain the finances and operations of the government. Your clients have refused to acknowledge these efforts and have instead put forth false accusations that no information has been coming from Puerto Rico. The fact is that AAFAF has been closely working with the FOMB and each of their professionals to locate and provide additional materials to you and your clients.

Our clients, however, will not fulfill unduly burdensome, vague or harassing requests (which covers many of the 50 plus categories of information demanded in your letter), nor will it make available information covered by the Attorney-Client, Work Product, and Executive and Deliberative Process Privileges. Of course, if privileged material is or has been inadvertently provided, we reserve the right to delete it from the Data Room and demand its return. We also will not provide proprietary models created by outside consultants, nor will our clients provide information obviously sought for no purpose other than challenging the FOMB's certification determination that the Fiscal Plan satisfied PROMESA.<sup>1</sup>

We note that we are providing the additional information mentioned in this letter in the spirit of cooperation, and not due to your letter's threat of Rule 2004 discovery. The jurisprudence is clear that Rule 2004 discovery is not allowed once adversary proceedings are filed. Currently, there are many pending adversary proceedings launched by various parties (including Assured) at AAFAF, Puerto Rico, and the FOMB. See, e.g., *In re Enron Corp.*, 281 B.R. 836, 840–41 (Bankr. S.D.N.Y. 2002) (denying motion for discovery under Rule 2004 because of “the well recognized rule that once an adversary proceeding or contested matter is commenced, discovery should be pursued under the Federal Rules of Civil Procedure and not by Rule 2004.”); *In re 2435 Plainfield Ave., Inc.*, 223 B.R. 440, 455 (Bankr. D.N.J. 1998) (denying discovery under Rule 2004 in a pending adversary proceeding because “[t]he majority

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<sup>1</sup> Any factual inquiries made into “determinations” by the FOMB are statutorily mandated to be within its “sole discretion” pursuant to PROMESA Section 201(c)(3) and certification of the proposed Fiscal Plan is not reviewable by any court pursuant to PROMESA.

of courts that have addressed this issue have prohibited a Rule 2004 exam of parties involved in or affected by an adversary proceeding while it is pending" (collecting cases)).

While we could restrict further disclosure to discovery in adversary proceedings, in the hope your clients will turn to constructive negotiations, we are outlining below preliminary responses to your inquiries which encompass further disclosures. We reserve our right to supplement these responses as additional information becomes available or as we further consider your requests. Please note that we reserve all rights with respect to information we are providing, including but not limited to the right to argue that none of it is admissible in any Title III case or other proceedings. Please be further advised that with respect to any additional information requested to the extent it implicates determinations by the FOMB as it pertains to certification of the Fiscal Plan, we reserve all rights including the right to assert that such requests are not subject to the Court's jurisdiction pursuant to PROMESA Section 106(e). Also note that our clients will not provide any underlying materials that contain work product of advisors, or are otherwise protected by any applicable privilege. We are also willing to have discussions with you about our responses and would consider additional information sessions with our advisors, although preferably after your financial advisors are familiar with the data we provide.

With these general parameters in mind, below we list our specific responses to the data requests made in your June 2 letter. Our responses are not in the form of formal discovery request responses, as no formal discovery has been served. We reserve the right to set forth general and specific responses to any of these requests to the extent set forth in formal discovery requests.

### **"General" Category**

#### ***Request 1***

*A complete version of the Fiscal Plan, including any amendments mandated by the Board Resolution Adopted on March 13, 2017. This should include functional versions of any embedded Excel charts.*

A complete, live version of the Fiscal Plan has already been uploaded to the Data Room.

#### ***Request 2***

*The Fiscal Year 2018 budget for the Territorial Government or any Covered Instrumentality, including any preliminary drafts.*

AAFAF directs Assured and the GO Group to the following government websites. Notably, Reorg Research found all this data and listed its sources in an article published on June 1, 2017.

- FY2018 Budget Breakdown by Agency:  
<http://www2.pr.gov/presupuestos/PresupuestoRecomendado2017-2018/Pages/PRESUPUESTO-POR-AGENCIA.aspx>

- FY2018 General Fund Budget Proposal:  
<http://www.fortaleza.pr.gov/sites/default/files/PRESUPUESTO%20DEL%20FONDO%20GENERAL%20AF%202015%20AL%202018.pdf>
- OMB Report on FY2018 Budget Proposal:  
<http://www2.pr.gov/presupuestos/PresupuestoRecomendado2017-2018/Captulo%20de%20la%20Oficina%20de%20Gerencia%20y%20Presupuesto/PRESUPUESTO%20RECOMENDADO%20AÑO%20FISCAL%202017-2018.pdf>

### ***Request 3***

*A functional version of the macroeconomic growth model used to calculate all forward-looking projections included in the certified Fiscal Plan as well as any data fed into that model. We also request similar information for any prior proposed fiscal plan as well as the presentation known as Technical Meeting Discussion Materials (which was presented by the prior administration on Nov. 16, 2016), and in the Revised Baseline Projections (which was presented by the prior administration on Dec. 20, 2016).*

AAFAF will upload to the Data Room underlying raw data used in the macroeconomic growth model (i.e., revenues, cash flow data) used in the certified Fiscal Plan. Insofar as this request seeks materials relating to draft fiscal plans developed by the previous administration, the request is burdensome and invades the Executive and Deliberative Process Privileges. And the growth models requested (as opposed to the underlying data) are proprietary. AAFAF will not provide proprietary models created by outside consultants, nor provide information obviously sought for no purpose other than litigating the propriety of the FOMB's certification of the Fiscal Plan. Any factual inquiries made into "determinations" by the FOMB are statutorily mandated to be within its "sole discretion" pursuant to PROMESA Section 201(c)(3) and certification of the proposed Fiscal Plan is not reviewable by any court pursuant to PROMESA.

### ***Request 4***

*A functional version of the cash flow models used to prepare the Fiscal Plan, including any data that was fed into the model.*

A functional version of the cash flow model, including the underlying data that was fed into the model will be uploaded to the Data Room. AAFAF and the FOMB, however, will not provide proprietary models created by outside consultants, nor provide information obviously sought for no purpose other than litigating the propriety of the FOMB's certification of the Fiscal Plan. Any factual inquiries made into "determinations" by the FOMB are statutorily mandated to be within its "sole discretion" pursuant to PROMESA Section 201(c)(3) and certification of the proposed Fiscal Plan is not reviewable by any court pursuant to PROMESA.

**Request 5**

*Documents sufficient to identify the makeup of the pro forma revenue and expense measures discussed in the Fiscal Plan at 8, 10, 17-22.*

Relevant information will be uploaded to the Data Room. AAFAF and the FOMB, however, will not provide proprietary models created by outside consultants, nor provide information obviously sought for no purpose other than litigating the propriety of the FOMB's certification of the Fiscal Plan. Any factual inquiries made into "determinations" by the FOMB are statutorily mandated to be within its "sole discretion" pursuant to PROMESA Section 201(c)(3) and certification of the proposed Fiscal Plan is not reviewable by any court pursuant to PROMESA.

**Request 6**

*To the extent any advisor to the Board, including Andrew Wolfe, used a different model than the models referenced in Items (3) and (4) above, a functional version of that model or those models, including any data that was fed into the model(s).*

Pursuant to PROMESA, the FOMB's rationales for its input on Puerto Rico's Fiscal Plan are not subject to challenge.

**Request 7**

*Any additional documentation relating to the assumptions used in formulating the Fiscal Plan, including, for example, the fiscal multiplier used to calculate the impact that proposed revenue and expense measures are expected to have on the Puerto Rico economy and inflation assumptions.*

AAFAF will upload raw data responsive to this request into the Data Room, to the extent such data exists. AAFAF, however, will not provide proprietary models created by outside consultants, nor provide information obviously sought for no purpose other than litigating the propriety of the FOMB's certification of the Fiscal Plan. Any factual inquiries made into "determinations" by the FOMB are statutorily mandated to be within its "sole discretion" pursuant to PROMESA Section 201(c)(3) and certification of the proposed Fiscal Plan is not reviewable by any court pursuant to PROMESA.

**Request 8**

*Any sensitivity analyses that measure the impact of growth initiatives, including those discussed on page 24 of the Fiscal Plan, and recommendations included in Congressional Task Force on Economic Growth in Puerto Rico, Report to the House and Senate (Dec. 20, 2016).*

AAFAF will upload underlying raw data responsive to this request to the Data Room, to the extent such data exists. AAFAF, however, will not provide proprietary models created by

outside consultants, nor provide information obviously sought for no purpose other than litigating the propriety of the FOMB's certification of the Fiscal Plan. Any factual inquiries made into "determinations" by the FOMB are statutorily mandated to be within in its "sole discretion" pursuant to PROMESA Section 201(c)(3) and certification of the proposed Fiscal Plan is not reviewable by any court pursuant to PROMESA.

**Request 9**

*A copy of the Fiscal Plan Comparison to Historical Results, prepared by the Territorial Government at the request of the Oversight Board (the "Bridge") as well as any underlying data and models.*

The Bridge is publicly available. AAFAF and the FOMB will upload underlying raw data relating to the Bridge into the Data Room. AAFAF and the FOMB, however, will not provide proprietary models created by outside consultants, nor provide information obviously sought for no purpose other than litigating the propriety of the FOMB's certification of the Fiscal Plan. Any factual inquiries made into "determinations" by the FOMB are statutorily mandated to be within in its "sole discretion" pursuant to PROMESA Section 201(c)(3) and certification of the proposed Fiscal Plan is not reviewable by any court pursuant to PROMESA.

**Request 10**

*Any and all documents provided to the Oversight Board prior to its approval of the Fiscal Plan.*

Under the facts of this situation, this request is overbroad and is designed to invade multiple privileges. While our clients have provided and will provide your clients with substantial data and diligence, they will not fulfill this request specifically.

**Request 11**

*Any and all documents provided to Ernst & Young in connection with its preparation of Fiscal Oversight and Management Board for Puerto Rico: Financial Bridge Analysis (Mar. 7, 2017) ("Bridge Analysis"). See Bridge Analysis at 7 ("E&Y submitted a detailed data/document request to the Government, and . . . these parties were generally timely and diligent in fulfilling this request to the extent the information was readily available.").*

The FOMB already provided your clients the Bridge Analysis, even though (a) the FOMB is allowed to certify or not certify a fiscal plan in its sole discretion, and (b) its determination is not subject to review by the Court. This request seeks to go behind the Bridge Analysis. Under the facts of this situation, this request is overbroad and is designed to invade multiple privileges and inquires into matters PROMESA renders not subject to review. While, as indicated in other responses, our clients have provided and will provide your clients substantial data and diligence, they will not fulfill this request specifically.



### **Requests 12–13**

*Any and all documents provided to KPMG in connection with its preparation of the Commonwealth of Puerto Rico Tax Reform Assessment Project (2014).*

*Any and all documents provided to Anne Krueger (or her colleagues or assistants) in connection with her preparation of Puerto Rico – A Way Forward (2015), commonly known as the “Krueger Report.”*

Under the facts of this situation, these requests are overbroad and seek information that has no relevance. The reports referenced in these requests pre-date the current administration, AAFAF's, and the FOMB's existence, and will not be searched for or provided.

### **Requests 14–15**

*Any and all documents provided to Conway Mackenzie in connection with its work to prepare fiscal projections contained in the presentation entitled Technical Meeting Discussion Materials (Nov. 16, 2016).*

*Any and all documents provided to Pension Trustee Advisors in connection with any actuarial assessment performed on a public pension system maintained by the Territorial Government.*

AAFAF and the FOMB direct you to Puerto Rico's publicly available quarterly report published on December 18, 2016<sup>2</sup> for information responsive to “Technical Meeting Discussion Materials” (request 14) and to the publicly available Government Development Bank of Puerto Rico's (“GDB”) website<sup>3</sup> for responsive information relating to public pensions (request 15).

### **Request 16**

*Any analyses that quantify the financial impact of the financial control reforms discussed in the Fiscal Plan at 34-38.*

AAFAF and the FOMB will upload underlying raw data responsive to this request to the Data Room, to the extent such data exists. AAFAF and the FOMB, however, will not provide proprietary models created by outside consultants, nor provide information obviously sought for no purpose other than litigating the propriety of the FOMB's certification of the Fiscal Plan. Any factual inquiries made into “determinations” by the FOMB are statutorily mandated to be within in its “sole discretion” pursuant to PROMESA Section 201(c)(3) and certification of the proposed Fiscal Plan is not reviewable by any court pursuant to PROMESA.

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<sup>2</sup> See <http://www.aafaf.pr.gov/documents.html> (last visited June 8, 2017); <http://www.gdb-pur.com/documents/CommonwealthofPuertoRicoFinancialInfoFY201612-18-16.pdf> (last visited June 8, 2017).

<sup>3</sup> See [http://www.gdb-pur.com/investors\\_resources/introduction.html](http://www.gdb-pur.com/investors_resources/introduction.html) (last visited June 8, 2017).



**Request 17**

*Documents sufficient to identify any expert or consultant whose services were used in analyzing Puerto Rico's fiscal situation since January 1, 2014, and any analysis, reports or recommendations offered by such experts or consultants.*

AAFAF and the FOMB direct you to their publicly available contract database, inclusive of their contracts with consultants, for documents responsive to this request.

**"Documents Relating to Revenues" Category**

**Request 18**

*For any revenue line item in the Fiscal Plan that does not grow at the rate of nominal GNP (see Fiscal Plan at 10), documents demonstrating or relating to how those growth rates are derived, including any supporting indices on which you may have relied.*

AAFAF will upload underlying raw data responsive to this request to the Data Room, to the extent such data exists. Under the facts of this situation, this request is overbroad. Moreover, this request seeks documents that are the product of deliberations of AAFAF, Puerto Rico, or the FOMB. Those documents are protected from disclosure by the Executive and Deliberative Process Privileges. AAFAF, however, will not provide proprietary models created by outside consultants, nor provide information obviously sought for no purpose other than litigating the propriety of the FOMB's certification of the Fiscal Plan. Any factual inquiries made into "determinations" by the FOMB are statutorily mandated to be within in its "sole discretion" pursuant to PROMESA Section 201(c)(3) and certification of the proposed Fiscal Plan is not reviewable by any court pursuant to PROMESA.

**Request 19**

*Any documents or analyses that reconcile the special revenue funds considered in the Bridge or Bridge Analysis (see for example Bridge Analysis at 11, 18, 28) to special revenue funds in the Fiscal Plan (at 12, 15).*

AAFAF will upload underlying raw data responsive to this request to the Data Room, to the extent such data exists. Under the facts of this situation, this request is overbroad. Moreover, this request seeks documents that are the product of deliberations of AAFAF, Puerto Rico, or the FOMB. Those documents are protected from disclosure by the Executive and Deliberative Process Privileges. AAFAF, however, will not provide proprietary models created by outside consultants, nor provide information obviously sought for no purpose other than litigating the propriety of the FOMB's certification of the Fiscal Plan. Any factual inquiries made into "determinations" by the FOMB are statutorily mandated to be within in its "sole discretion" pursuant to PROMESA Section 201(c)(3) and certification of the proposed Fiscal Plan is not reviewable by any court pursuant to PROMESA.

### **Request 20**

*Any documents, analyses or data underlying the estimated collection rates on all local revenue streams cited in the Fiscal Plan at page 11, as well as any sales and use tax currently collected on behalf of municipalities, including the basis for the Board's statement in the Letter from Jose Carrion to Gov. Ricardo A. Rosselló Nevares dated March 9, 2017 ("March 9 Letter") (at 2-3) that the Commonwealth had overstated the possibility for increased revenue collections in its proposed February 28, 2017 Fiscal Plan.*

AAFAF will upload underlying raw data responsive to this request to the Data Room, to the extent such data exists. Under the facts of this situation, this request is overbroad. Moreover, this request seeks documents that are the product of deliberations of AAFAF, Puerto Rico, or the FOMB. Those documents are protected from disclosure by the Executive and Deliberative Process Privileges. AAFAF, however, will not provide proprietary models created by outside consultants, nor provide information obviously sought for no purpose other than litigating the propriety of the FOMB's certification of the Fiscal Plan. Any factual inquiries made into "determinations" by the FOMB are statutorily mandated to be within in its "sole discretion" pursuant to PROMESA Section 201(c)(3) and certification of the proposed Fiscal Plan is not reviewable by any court pursuant to PROMESA.

### **Request 21**

*Documents sufficient to determine the historical amounts (by month and by fiscal year) and present location of so-called "clawback revenues" discussed on page 28 of the Fiscal Plan, including whether such funds have been placed in escrow, and for whose benefit. To the extent that annual projections of any future revenues subject to clawback exist, those should be provided as well.*

AAFAF will upload available summary data relating to the historical amounts of "clawback revenues" to the Data Room. AAFAF, however, will not provide proprietary models created by outside consultants, nor provide information obviously sought for no purpose other than litigating the propriety of the FOMB's certification of the Fiscal Plan. Any factual inquiries made into "determinations" by the FOMB are statutorily mandated to be within in its "sole discretion" pursuant to PROMESA Section 201(c)(3) and certification of the proposed Fiscal Plan is not reviewable by any court pursuant to PROMESA. With respect to "projections of any future revenues" AAFAF and the FOMB direct you to the certified Fiscal Plans of each covered territorial entity.

### **Request 22**

*Documents sufficient to ascertain the status and treatment of (a) any sales and use tax currently being collected on behalf of municipalities, and (b) the special property tax, which under Puerto Rico law should be collected and segregated in a trust "for the amortization and redemption of the general obligations of the Commonwealth," 21 L.P.R.A. § 5002, see*

*also 21 L.P.R.A. § 5004(a), neither of which is addressed in the Fiscal Plan. To the extent that annual projections of those revenues exist, those should be provided as well.*

AAFAF will provide a narrative response drafted by its financial consultants responsive to this request.

**Request 23**

*Any communications, documents, or analyses regarding potential changes to the tax code in connection with the formulation of the Fiscal Plan, including, but not limited to, documents relating to reassessing real estate property valuations for the first time since 1958, increasing property tax rates to the levels proposed in the February 28, 2017 version of the Fiscal Plan (at 48), extending Act 154, reassessing the Tax Incentives Act of 1998, or transitioning the Commonwealth's sales and use tax to a broad-based value added tax.*

Under the facts of this situation, this request is overbroad. Moreover, the requested documents consist of AAFAF's and the FOMB's deliberations to formulate the Fiscal Plan, as well as requests for information regarding core governmental policy functions. As such, they are protected from disclosure by the Executive and Deliberative Process Privileges.

**Request 24**

*Documents sufficient to identify the source of increased revenues from the "Fees & Charges" revenue measure discussed on page 19 of the Fiscal Plan, and the accounts into which such increased revenues are expected to flow.*

We will take this request under advisement and consider what data may be made available to creditors.

**Request 25**

*The Report on Discretionary Tax Abatement Agreements that the Governor was required to submit to the Oversight Board within six months of the establishment of the Board, by PROMESA § 208, 48 U.S.C. § 2148.*

AAFAF will look into the extent that "Discretionary Tax Abatement Agreements" are available and will provide what is readily available. The agreements have not yet been provided to the FOMB.

**Request 26**

*Documents sufficient to identify any public private partnerships that are contemplated during the Fiscal Plan period, including anticipated revenue impacts, cash flow projections, and funding sources (see February 28 Fiscal Plan at 74-80).*

No specific public private partnerships are currently being negotiated. AAFAF and the FOMB hope to attract such partnerships as part of their efforts to increase investment in Puerto Rico and to render services more efficiently. To the extent any such partnerships are formed, appropriate information will be made available.

***Request 27***

*Any communications, documents, or analyses regarding anticipated revenues relating to health care. This information should include any assumptions, models or data used to project anticipated federal transfers, returns from any Commonwealth-run medical facility, municipal employer or employee contributions, or Commonwealth Fund collections.*

Under the facts of this situation, this request is overbroad. We are prepared to discuss a more reasonable, targeted approach to health care data with you.

**“Documents Relating to Expenses” Category**

***Requests 28–32***

*For any expense line item in the Fiscal Plan that does not grow at the rate of nominal GNP, documents demonstrating or relating to how those growth rates are derived.*

*A functional version of any model used by the Territorial Government or Ernst & Young to “normalize” expenses so that they can be compared across years in the Bridge or Bridge Analysis.*

*All documents relating to the Board’s basis for its “recommendation” in the March 9 Letter (at 2) that FY17 expenses be increased by \$585 million, including the type and amount of “historical expenditures” in FY 14-FY16 that Ernst & Young discusses on page 13 of the Bridge Analysis.*

*A functional model or workbook showing how the Reconciliation Adjustment discussed on page 15 of the Fiscal Plan was calculated.*

*Any data, models, analyses or communications regarding the meaning of the term “essential services” in the Fiscal Plan.*

AAFAF will upload underlying raw data responsive to these requests to the Data Room. AAFAF, however, will not provide proprietary models created by outside consultants, nor provide information obviously sought for no purpose other than litigating the propriety of the FOMB’s certification of the Fiscal Plan. Under the facts of this situation, this request is overbroad. Moreover, to the extent they seek documents that are the product of deliberations of government officials, those documents are protected from disclosure by the Attorney-Client, Work Product, and Executive and Deliberative Process Privileges. Any factual inquiries made into “determinations” by the FOMB are statutorily mandated to be within in its “sole discretion”

pursuant to PROMESA Section 201(c)(3) and certification of the proposed Fiscal Plan is not reviewable by any court pursuant to PROMESA.

**Request 33**

*Documents reflecting the calculation of the “other non-recurring” expenses projected on page 12 of the Fiscal Plan, including a functioning version of any model used.*

AAFAF will upload underlying raw data responsive to this request to the Data Room, to the extent such data exists. Under the facts of this situation, this request is overbroad. Moreover, this request seeks documents that are the product of deliberations of AAFAF, Puerto Rico, or the FOMB. Those documents are protected from disclosure by the Executive and Deliberative Process Privileges. AAFAF, however, will not provide proprietary models created by outside consultants, nor provide information obviously sought for no purpose other than litigating the propriety of the FOMB’s certification of the Fiscal Plan. Any factual inquiries made into “determinations” by the FOMB are statutorily mandated to be within in its “sole discretion” pursuant to PROMESA Section 201(c)(3) and certification of the proposed Fiscal Plan is not reviewable by any court pursuant to PROMESA.

**Request 34**

*Any documents, analyses or data regarding the non-personnel “right sizing” expense measures cited on page 15, 18 and 20 of the Fiscal Plan. To the extent that a model was used in calculating this line item in the Fiscal Plan, a functioning version of that model should be provided.*

AAFAF will upload underlying raw data responsive to this request to the Data Room, to the extent such data exists. Under the facts of this situation, this request is overbroad. Moreover, this request seeks documents that are the product of deliberations of AAFAF, Puerto Rico, or the FOMB. Those documents are protected from disclosure by the Executive and Deliberative Process Privileges. AAFAF, however, will not provide proprietary models created by outside consultants, nor provide information obviously sought for no purpose other than litigating the propriety of the FOMB’s certification of the Fiscal Plan. Any factual inquiries made into “determinations” by the FOMB are statutorily mandated to be within in its “sole discretion” pursuant to PROMESA Section 201(c)(3) and certification of the proposed Fiscal Plan is not reviewable by any court pursuant to PROMESA.

**Request 35**

*Documents sufficient to identify the nature, cost, status and proposed timeline of any project being funded from the capital expenditures line item in the Fiscal Plan as projected on page 12 and discussed on page 14.*

AAFAF will upload underlying raw data responsive to this request to the Data Room, to the extent such data exists. Under the facts of this situation, this request is overbroad.

Moreover, this request seeks documents that are the product of deliberations of AAFAF, Puerto Rico, or the FOMB. Those documents are protected from disclosure by the Executive and Deliberative Process Privileges. AAFAF, however, will not provide proprietary models created by outside consultants, nor provide information obviously sought for no purpose other than litigating the propriety of the FOMB's certification of the Fiscal Plan. Any factual inquiries made into "determinations" by the FOMB are statutorily mandated to be within its "sole discretion" pursuant to PROMESA Section 201(c)(3) and certification of the proposed Fiscal Plan is not reviewable by any court pursuant to PROMESA.

**Request 36**

*Documents sufficient to identify how \$2.2 billion in legal expenses from the Commonwealth of Puerto Rico, Financial Information and Operating Report 283 (Dec. 18, 2016), are treated under the Fiscal Plan.*

Under the facts of this situation, this request is vague, particularly insofar as this request is not included in the Fiscal Plan. We invite you to meet to clarify this request, and we would be happy to discuss it with you.

**Request 37**

*Documents sufficient to show the source of any funds used to pay down any trade debt, overdue tax refund or any other outstanding payable since the passage of PROMESA (Fiscal Plan at 10, 15, 18).*

Under the facts of this situation, this request is vague. We invite you to meet to clarify this request, and we would be happy to discuss it with you, but note that the funds used to pay all debts and obligations are the funds in Puerto Rico's possession.

**Request 38**

*Documents sufficient to disaggregate expenses associated with the Territorial Government's various pension systems, including a breakdown of expenses associated with (a) defined benefit rather than defined contribution accounts; (b) base benefits rather than system administered benefits; (c) retirees rather than active employees; and (d) any "catch up" expenses accrued before the passage of PROMESA rather than ongoing costs of the programs (see Fiscal Plan at 22).*

We will take this request under advisement and provide a further response as soon as practicable.

**Request 39**

*Any communications, documents, or analyses regarding expenses relating to health care. This information should include detail regarding the healthcare expense growth rates (to the extent not already produced in response to Request 28), any supporting healthcare cost indices (see*



*March 9 Letter at 3-4), efforts to control health care expenses (Fiscal Plan at 20), and any assumptions made regarding enrollment in light of projected population declines.*

Under the facts of this situation, this request is overbroad and vague. We invite you to meet to clarify this request, and we would be happy to discuss it with you to clarify and narrow the scope of this request.

**Request 40**

*Any communications, documents, or analysis regarding how deficits relating to health care are accounted for in the Fiscal Plan.*

AAFAF and the FOMB direct you to the Fiscal Plan model.

**Request 41**

*Any communications, documents or analysis regarding historical reimbursements from the Center for Medicare and Medicaid Services or analysis regarding the projected impact of the newly enacted “Modified Adjusted Growth Impact” or “MAGI” standards.*

No such analysis has been completed. Moreover, under the facts of this situation, this request is overbroad. In addition, this request seeks documents that are the product of deliberations of AAFAF, Puerto Rico, or the FOMB. Those documents are protected from disclosure by the Executive and Deliberative Process Privileges.

**Request 42–43**

*Documents that reflect the basis for the Board’s request for “Amendment No. 1: Furlough and Christmas Bonus Amendment to the Commonwealth’s Proposed Fiscal Plan,” in in Board Resolution Adopted on March 13, 2017 (Fiscal Plan Certification) (“March 13 Resolution”), which required a furlough program rather than a reduction in the government work force.*

*Documents that reflect the basis for the Board’s request for “Amendment No. 2: Pension Amendment to the Commonwealth’s Proposed Fiscal Plan” the March 13 Resolution, which required certain alterations to the treatment of pension plans under the Fiscal Plan.*

The FOMB states that its resolutions speak for themselves. As a practical matter, Amendment #1 demonstrates by its express terms that it was imposed to provide liquidity if Puerto Rico does not otherwise manage to maintain sufficient funds. Amendment #2 was imposed to save money in a progressive manner while ensuring that retirees (many of whom are ineligible for Social Security) receive at least sufficient funds to keep them above the federal poverty level.



**Request 44**

*Documents sufficient to identify the source of and efforts to control substantial projected deficits at Puerto Rico's instrumentalities and component units as projected on page 12 and discussed on page 15 of the Fiscal Plan, as well as the Fiscal Plan recently certified by the Puerto Rico Highway Transportation Authority.*

This request seeks documents that are the product of deliberations of AAFAF, Puerto Rico, or the FOMB. Those documents are protected from disclosure by the Executive and Deliberative Process Privileges. Nevertheless, in the spirit of cooperation, and without waiving its privilege objections, we agree to further consider what materials may be provided in response to this request.

**Request 45**

*Documents, models, analyses or communications that reflect the basis for the demands to improve the Commonwealth's liquidity, as discussed in Chairman Carrion's March 8, 2017 letter to Governor Rosselló.*

Under the facts of this situation, this request is overbroad. Moreover, this request seeks documents that are the product of deliberations of AAFAF, Puerto Rico, or the FOMB. Those documents are protected from disclosure by the Executive Privilege and Deliberative Process Privileges. Moreover, this request clearly attempts to go behind the FOMB's determination to certify Puerto Rico's Fiscal Plan which is not subject to review under PROMESA.

**Request 46**

*Documents sufficient to identify any rents paid by the Territorial Government or any Territorial Government Instrumentality to the Public Building Authority ("PBA"). This material should include the terms and documents of any leases of PBA-owned or managed property and any Territorial Government Instrumentality.*

AAFAF and the FOMB direct you to publicly available information relating to "[d]ocuments sufficient to identify any rents paid by the Territorial Government or any Territorial Government Instrumentality to the Public Building Authority ("PBA")."<sup>4</sup>

**Request 47**

*Documents, models, analyses, or communications regarding any decision to reduce subsidies to the University of Puerto Rico, municipalities or other entities that are discussed on pages 45-48 of the February 28, 2017 version of the Fiscal Plan. To the extent that the certified Fiscal Plan*

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<sup>4</sup> See [http://www.bgfpr.com/investors\\_resources/commonwealth-cfiodr.html](http://www.bgfpr.com/investors_resources/commonwealth-cfiodr.html) (last visited June 8, 2017) (containing Commonwealth Financial Information and Operating Data Reports which contain details regarding the total rent payments made to PBA).

*seeks to replace those direct subsidies through indirect means (e.g., changing property taxes or municipal licensing fees), documents regarding those efforts should be provided as well.*

Under the facts of this situation, this request is overbroad and seeks production of materials related to a draft fiscal plan that was not certified. We will not be producing such documents.

#### **“Documents Relating To Puerto Rico’s Debt Sustainability” Category**

##### ***Requests 48–50***

*Any analyses, including models and data, regarding how the amounts available for debt service proposed on page 8 of the Fiscal Plan will, if implemented, affect Puerto Rico’s future ability to access the capital markets.*

*Any analyses comparing Puerto Rico’s debt situation to that of other economies that were relied upon in determining what would be a sustainable debt load (cf. Fiscal Plan at 27-29), including documents sufficient to identify any comparable economies considered.*

*Any projections, including both underlying data and models, regarding macroeconomic growth following the end of the Fiscal Plan period and the projected maturity of any proposed restructured obligation. See, e.g., March 9, 2017 Letter at 2 (describing February 28, 2017 proposed Fiscal Plan as too optimistic with respect to “a) economic growth rates and the time to return to nominal economic growth; and, b) the failure to reflect near-certain declines in baseline revenues associated with corporate taxes and non-resident withholding taxes”); GO/COFINA Title VI proposal made public by the Commonwealth on April 28, 2017 at 4 (term sheet proposes a 30 year restructured bond subject to “optional amortization...sized based on Fiscal Plan forecast”).*

AAFAF will upload underlying raw data responsive to these requests to the Data Room, to the extent such data exists. Under the facts of this situation, this request is overbroad. Moreover, these requests seek documents that are the product of deliberations of AAFAF, Puerto Rico, or the FOMB. Those documents are protected from disclosure by the Executive and Deliberative Process Privileges. AAFAF, however, will not provide proprietary models created by outside consultants, nor provide information obviously sought for no purpose other than litigating the propriety of the FOMB’s certification of the Fiscal Plan. Any factual inquiries made into “determinations” by the FOMB are statutorily mandated to be within in its “sole discretion” pursuant to PROMESA Section 201(c)(3) and certification of the proposed Fiscal Plan is not reviewable by any court pursuant to PROMESA.

**“Documents Relating To GDB Restructuring Or Wind Down” Category**

***Requests 51–56***

*Documents reflecting the historical amounts and present status of any funds or accounts held by the Government Development Bank of Puerto Rico (“GDB”) on behalf of the Territorial Government, including, but not limited to, the balance of any accounts at the GDB into which any so-called “clawback revenues” were deposited and the intended treatment of such funds in the Restructuring Support Agreement announced by the Commonwealth on May 15, 2017 (“GDB RSA”).*

*Documents sufficient to identify any accounts held on behalf of the Territorial Government at financial institutions other than the GDB, including but not limited to accounts that were transferred from the GDB since January 1, 2015.*

*Documents regarding the division of assets between the New Issuer and the Public Entity Trust in the GDB RSA.*

*Loan level detail on the GDB Municipal Loan portfolio, including all loan and deposit agreements as well as current loan balances.*

*Documents that reflect the source of repayment for SUT-backed GDB Municipality loans, as that term is used in the GDB RSA and associated documents released on February 28, 2017.*

*Documents sufficient to identify how SUT flowing to municipalities (if any) in excess of municipal loan debt service is distributed or spent.*

We direct you to GDB’s publicly available financial statements. Additionally, pursuant to GDB’s recently negotiated RSA, if the FOMB authorizes GDB to implement the RSA in Title VI of PROMESA, there will be extensive disclosure documents provided pursuant to PROMESA § 601(f). Under the facts of this situation, these requests are overbroad and harassing. Moreover, these requests have no relevance whatsoever to the Commonwealth Title III case.

\* \* \*

AAFAF and the FOMB remain committed to working cooperatively with you to provide information to which creditors are entitled. We look forward to discussing these matters with you further.

Very truly yours,

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**Exhibit A**

***Publicly Available Information***

Entity	Web link	Type of information publicly available
<b>Office of the Comptroller</b>	<a href="https://www.ocpr.gov.pr/inicio/">https://www.ocpr.gov.pr/inicio/</a>	Governmental Contract Registry Employees and Payroll Registry Audits Reports Annual Reports Privatization Reports
<b>Office of Management and Budget</b>	<a href="http://www.ogp.pr.gov/">http://www.ogp.pr.gov/</a>	Budgets of Puerto Rico Relevant Statistics Federal Funds Management Governmental Contract Processing Government's Organization Chart Governmental Restructures
		Commonwealth CAFR Commonwealth Financial

<b>Government Development Bank</b>	<a href="http://www.bgfpr.com/index.html">http://www.bgfpr.com/index.html</a>	<p>Information and Operating Data Report</p> <p>Commonwealth Cash Flow Projection</p> <p>General Fund Net Revenues and Cash Flow Projection</p> <p>P.R. Tax-Exempt Securities by Issuer (Official Statements and Bonds Resolutions)</p> <p>Economic Activity Index</p>
<b>EMMA (Municipal Securities Rulemaking Board)</b>	<a href="https://emma.msrb.org/">https://emma.msrb.org/</a>	P.R. Tax-Exempt Securities disclosures pursuant to Rule 15c2-12
<b>P.R. Department of State</b>	<a href="http://estado.pr.gov/en/">http://estado.pr.gov/en/</a>	<p>Regulations</p> <p>Executives Orders</p> <p>Registry of Commercial Transactions</p>
<b>Office of Legislative Services</b>	<a href="http://www.oslpr.org/v2/">http://www.oslpr.org/v2/</a>	<p>P.R. Legislation (from 1993 to present)</p> <p>Legislative Process related documents</p>

<b>P.R. Institute of Statistics</b>	<a href="http://www.estadisticas.gobierno.pr/iepr/">http://www.estadisticas.gobierno.pr/iepr/</a>	Cost of Living Index Group Quarter Report Statistics of government entities and the private sector
<b>P.R. Department of Treasury</b>	<a href="http://www.hacienda.gobierno.pr/">http://www.hacienda.gobierno.pr/</a>	Statistics of the General Fund Net Revenues Tax Credits Public Rulings Commonwealth's Financial Information and Operational Data Reporting Sales and Use Tax Collection Index Commonwealth's Financial Statements
<b>P.R. Planning Board</b>	<a href="http://www.jp.gobierno.pr/">http://www.jp.gobierno.pr/</a>	Macroeconomic Data Center Municipal Data Center Economic Cycles Economic Reports Economic Development Strategy (CEDS), among other information.



<b>Puerto Rico Fiscal Agency and Financial Advisory Authority</b>	<a href="http://www.aafaf.pr.gov/index.html">http://www.aafaf.pr.gov/index.html</a>	Fiscal Plans Oversight Board's Communications
<b>Employees Retirement System of the Government of Puerto Rico</b>	<a href="http://www.retiro.pr.gov/">http://www.retiro.pr.gov/</a>	Historical Financial Statements for ERS and JRS  Historical Actuarial Valuation Reports for ERS and JRS
<b>Puerto Rico Teachers Retirement System</b>	<a href="https://www.srm.pr.gov/">https://www.srm.pr.gov/</a>	Historical Actuarial Valuation Reports

\* This table contains the agencies that have information publicly available that would be relevant to an investor. However, there are many other agencies with additional information on their web pages about other topics.

## **Exhibit B**

### **Overview of the Fiscal Plan Model**

The Fiscal Plan Model is an Excel file that summarizes the projected financial and operating performance of the Government of Puerto Rico from FY 2017 (July 1, 2016 to June 30, 2017) through FY 2026 (July 1, 2025 to June 30, 2026). The Fiscal Plan Model incorporates projected revenue to be generated and expenses to be incurred by the Central Government as well as Component Units (“CUs”) that are covered by the certified March 13, 2017 Fiscal Plan. Additionally, the Fiscal Plan Model accounts for the revenue and expense measures that the Central Government will implement as early as FY 2018. Taking into account the projected revenue, expenses, and measures, the Fiscal Plan Model provides an annual projection of cash flows that are expected to be available for debt service (principal and interest) from FY 2017 through FY 2026.

The Fiscal Plan Model was provided to the various creditor groups via the Intralinks Project AAFA Dataroom (the “Dataroom”) on April 5, 2017. A “live” version of the Fiscal Plan Model, which includes formulas and links between tabs of the file, was provided to the various creditor groups via the Dataroom on June 6, 2017.

The following is an overview of each of the 10 tabs of the Fiscal Plan Model, how they relate to each other, and what relevant sources and documents have been made available to the various creditor groups via the Dataroom.

#### **“Sum” tab**

The Sum tab is linked to the remaining tabs of the Fiscal Plan model, discussed below, and summarizes the detailed financial projections included in those tabs. The first section of the tab exhibits the projected revenue from the General Fund (i.e. Individual Income Taxes, Corporate Income Taxes, Non-Resident Withholdings, Taxes on Alcoholic Beverages and Cigarettes, General Fund portion of SUT), as well as other sources such Additional SUT, Other Tax Revenues, Other Non-Tax Revenues, Federal Transfers, and the Impact of Loss of Affordable Care Act (“ACA”) Funding. These items provide the projected Revenues Before Measures.

The second section of the tab exhibits projected expenses. General Fund Expenses include Direct Payroll, Direct Operational Expenses, Utilities, and Special Appropriations. Other Expenses include Paygo Contributions, Run-Rate Capital Expenditures, Net Deficits of Special Revenue Funds, Component Units, HTA Operational Expenses, Disbursements to Entities Outside of the Fiscal Plan, Federal Programs, the Reconciliation Adjustment, and Non-Recurring Expenses. These items provide the projected Expenses Before Measures.

By subtracting the total annual Expenses Before Measures from the total annual Revenues Before Measures, The Sum tab presents the annual projection of Cash Flows Pre-Measures. The third section of the Sum tab summarizes the Net Impact of Measures, which is the sum of the savings projected from the implementation of revenue and expense measures. Adding the total annual Net Impact of Measures to the annual Cash Flows Pre-Measures provides the annual Cash Flows Post-Measures, Before Debt Service.

#### **“Rev. build” tab**

The Rev. build tab provides the more detailed financial projections that serve as the basis for the annual Revenues Before Measures in the Sum tab. The tab includes projected revenue

related to the General Fund and other sources, as described in the “Sum” tab section above. In general, revenue was projected through FY 2017 or FY 2018, with revenue in the remaining years growing based on the Puerto Rico nominal GNP growth factor. The sources of the FY 2017 and FY 2018 projections and the Puerto Rico nominal GNP growth factor are explicitly referenced in the Rev. build tab and are available in the Dataroom. Certain revenue line items are linked to other tabs in the Fiscal Plan model and will be discussed in the sections that follow (i.e. Cigarette Tax revenue and Excise on Off-Shore Shipments of Rum are linked to the “Cig & Rum” tab).

#### “Exp. build” tab

The Exp. build tab provides the more detailed financial projections that serve as the basis for the annual Expenses Before Measures in the Sum tab. The tab includes projected expenses related to the General Fund and other areas of the Government, as described in the Sum tab section above. The expenses related to certain line items were projected for FY 2017, with expenses in the remaining years growing based on projected inflation for Puerto Rico. Other line items, such as those related to CUs, were explicitly forecasted over the projection period. The sources of the FY 2017 projections and the projected inflation for Puerto Rico are explicitly referenced in the Exp. build tab and are available in the Dataroom. Certain expense line items are linked to other tabs in the Fiscal Plan model and will be discussed in the sections that follow (i.e. Paygo Retirement System Appropriations are linked to the “Retire” tab).

#### “Measures” tab

The Measures tab provides the more detailed projections of the annual savings from Revenue Measures and Expense Measures summarized in the Sum tab. The Revenue Measures include enhancements from Stabilizing Corporate Tax Revenue, Improved Tax Compliance, Right-Rate Fees, and Additional Revenue Enhancements. In general, Revenue Measures were projected through FY 2019 or FY 2020, with the revenue enhancements in the remaining years growing based on the Puerto Rico nominal GNP growth factor. The Expense Measures include savings from Right-Sizing the Puerto Rico Government, Reducing Healthcare Spending, Pension System Reform, Rehabilitation of Trade Terms With Local Suppliers, and Payroll and Operational Expense Freeze Through FY 2019. The sources of the projections and the macroeconomic assumptions related to growth are explicitly referenced in the Measures tab and are available in the Dataroom.

#### “SUT” tab

The SUT tab provides the detailed projections of the annual SUT revenue and the distribution to the General Fund, COFINA, Municipal Administration Fund (FAM), and the Corporation for the Development of the Arts, Science and Film Industry of Puerto Rico (CINE). Certain line items in the SUT tab flow into the Sum and Exp. build tabs. The source of the projections is explicitly referenced in the SUT tab and is available in the Dataroom.

#### “Retire” tab

The Retire tab provides the detailed projections of the annual pension paygo contributions by the Government of Puerto Rico for the Employees’ Retirement System (“ERS”), the Teachers’ Retirement System (“TRS”), and the Judiciary Retirement System (“JRS”). Certain line items in the Retire tab flow into the Exp. build tab. The source of the projections is explicitly referenced in the Retire tab and is available in the Dataroom.

“Cig & Rum” tab

The Cig and Rum tab provides the detailed projections of the annual revenue associated with Cigarette Taxes and Excise Taxes on Off-Shore Shipments of Rum. The projections are distinguished between revenues that will be directed to the General Fund and revenues that will be directed elsewhere. Certain line items in the Cig & Rum tab flow into the Rev. build and Exp. build tabs. The source of the projections is explicitly referenced in the Cig & Rum tab and is available in the Dataroom. A document named “Additional Appendix Pages” provides further detail regarding assumptions and methodology and is also available in the Dataroom.

“ASES” tab

The ASES tab provides the detailed projections of the sources of funding and disbursements related to ASES (Health Insurance Administration). The projections estimate a surplus in FY 2018 and FY 2019 and a deficit in all other years, inclusive of the forecasted receipt of ACA funding from the Federal Government. Certain line items in the ASES tab flow into the Rev. build and Exp. build tabs. The source of the projections is explicitly referenced in the ASES tab and is available in the Dataroom. A document named “Additional Appendix Pages” provides further detail regarding assumptions and methodology and is also available in the Dataroom.

“UPR” tab

The UPR tab provides the detailed projections of the sources of revenue and expenses related to the University of Puerto Rico. Sources of revenue include Tuition Charges, State Grants, Federal Transfers, Appropriations, Federal Pell Grants, and Slot Machine Revenue. Expenses include Operating Disbursements (net of General Fund Appropriations and Federal Transfers). Certain line items in the UPR tab flow into the Rev. build and Exp. build tabs. The sources of the projections are explicitly referenced in the Cig & Rum tab and are available in the Dataroom. A document named “Additional Appendix Pages” provides further detail regarding assumptions and methodology and is also available in the Dataroom.

“HTA” tab

The HTA tab provides the detailed projections of the sources of revenue and expenses related to the Highway & Transportation Authority of Puerto Rico. Sources of revenue include Gasoline and Diesel Taxes, Toll Receipts, Vehicle License Fees, Petroleum Taxes, Tren Urbano Receipts, and others. Expenses include Salaries and Benefits, Pension and Early Retirement Benefits, Repairs & Maintenance, Utilities, and others. Certain line items in the HTA tab flow into the Rev. build tab.